



Republican Policy Committee

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Reviewing the Principles for a Balanced Budget

A Question of Real Balance and Real Reform

With President Clinton's veto yesterday of a real balanced budget, and his claim to have produced his own balanced budget today — his third attempt this year — it is important that we remember the real fundamental differences that have so far precluded an agreement.

The President agrees with those leading the balanced budget effort in Congress that spending can increase, but we differ on how. The majority party in Congress believes that how we spend must be reformed and that how we spend must also be responsible and flexible. The White House believes that we should continue the unconstrained spending and on the same programs operating in the same way they always have.

- The Congressional majority believes *Medicare's solvency crisis must be addressed* to insure the system into the next generation; and we believe it will work better with spending at twice the inflation rate and more flexibility for those who receive it.
 - The White House believes that it is only necessary to keep Medicare solvent for an extra couple of years and that Washington bureaucrats should continue to determine how the money is spent.
- The Congressional majority believes that *welfare must be reformed* by targeting it to the truly needy and truly deserving in such a way that allows them to become independent.
 - The White House believes that the only reform welfare needs is more spending, while leaving in place a program that has created a system of perpetual dependency.
- We believe that *Medicaid must be reformed*, but that Washington is not the solution, it's the problem. States must have more control over their dollars in order to address their problems and their needs — not Washington's.
 - The White House believes that government spending, not government reform, is paramount and that by tinkering with the Washington bureaucracy they can get it right this time.

- We believe in *lower taxes* that allow people — particularly hard-working middle-class families who have been progressively squeezed by more and more taxes over the last 50 years — to keep more of their own money.
 - The White House believes taxes should remain higher so that Washington can spend taxpayers' money for them.
- We believe that we must *produce a real, balanced budget now* by allowing spending to grow at a responsible rate in order to protect the future of the next generation.
 - The White House believes that we don't need to produce a balanced budget but can let unconstrained spending continue, and that it can rely on budget gimmicks that make blind cuts in programs serving children, seniors, veterans and people with disabilities.

The President's metaphorical attempt to veto the only real balanced budget before the American people unintentionally proved one thing when — before a live television audience he attempted to put his signature to the paper — the pen President Johnson used three decades ago would not write. The reliance on the mechanisms of 30 years ago to solve the problems of today for the future of tomorrow, will no longer work. It is a shame that while our balanced budget was a leap forward, the President has chosen to take a step backward.

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